

Message Text

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60

ORIGIN L-03

INFO OCT-01 ARA-16 ISO-00 EB-11 COME-00 NSC-10 CIAE-00

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DRAFTED BY L/ARA:DAGANTZ

APPROVED BY ARA:HSCLAUDEMAN

ARA:JBKUBISCH (DRAFT)

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FM SECSTATE WASHDC

TO AMEMBASSY SANTIAGO

C O N F I D E N T I A L STATE 197624

E.O. 11652: GDS

TAGS: CI, PFOR

SUBJECT: DISCUSSIONS WITH ANACONDA REPS

1. DEPARTMENT OFFICERS MET SEPTEMBER 24 WITH ANACONDA OFFICERS QUIGLEY, AND STEINMETZ, AND COUNSEL LLOYD CUTLER, TO DISCUSS SITUATION IN CHILE AND PROSPECTS FOR FUTURE. ANACONDA REPS STRESSED WILLINGNESS TO RESUME BILATERAL NEGOTIATIONS WITH GOC AT APPROPRIATE TIME, PROVIDED USG WILLING EITHER TO PARTICIPATE IN DISCUSSIONS DIRECTLY OR INDIRECTLY. QUIGLEY BELIEVES THAT USG PRESENCE, DIRECT OR INDIRECT, ESSENTIAL TO REACHING A SETTLEMENT PACKAGE; CUTLER POINTED OUT THAT GIVEN OPIC LIABILITY USG MUST BE DIRECTLY INVOLVED IN SUCH A SETTLEMENT.

2. QUIGLEY AND CUTLER SUGGESTED DESIRABILITY OF POSTPONING ANY NEW US ASSISTANCE TO CHILE UNTIL A SETTLEMENT HAD BEEN REACHED. DEPARTMENT OFFICERS POINTED OUT THAT
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SATISFACTORY SETTLEMENT WOULD PROBABLY TAKE SOME MONTHS,

THAT MANY GOC NEEDS WERE LIKELY TO BE OF URGENT NATURE, AND THAT BOTH PRESIDENTIAL POLICY AND APPLICABLE LEGISLATION MAKES PERTINENT ISSUE OF THE EXISTENCE OF GOOD FAITH NEGOTIATIONS. USG WOULD, OF COURSE, EXPECT TO RECEIVE GOC ASSURANCES THAT GOC INTENDS TO REACH SATISFACTORY SOLUTION TO EXPROPRIATION PROBLEMS. ANACONDA REPS ULTIMATELY AGREED THAT THIS APPROACH WAS CORRECT ONE.

3. CUTLER SUGGESTED POSSIBILITY OF CHOOSING A "MEDIATOR", PERHAPS SOMEONE FROM WORLD BANK TO NEGOTIATE A SETTLEMENT OF COPPER AND OTHER DISPUTES WITH GOC. HE QUICKLY INDICATED, HOWEVER, THAT HE WAS NOT INTERESTED IN A "GLOBAL" SETTLEMENT WHICH WOULD LUMP ANACONDA, KENNECOTT AND PERHAPS ITT TOGETHER IN A SINGLE NEGOTIATION. DEPT OFFICERS ACKNOWLEDGED THAT THIS WAS ONE POSSIBLE WAY OF APPROACHING THE PROBLEM BUT REITERATED BELIEF THAT DIRECT NEGOTIATIONS SHOULD BE INITIAL APPROACH. ANACONDA REPS PROMISED TO KEEP DEPARTMENT INFORMED AS TO ANY CONTACTS WITH GOC AND DEPARTMENT INDICATED IT WOULD CONSULT FURTHER WITH ANACONDA ONCE PLANNED DISCUSSIONS WITH GOC ON QUESTION OF COMPENSATION TOOK PLACE. RUSH

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